

No: 7/5/DPbS

Jakarta, February 8, 2005

CIRCULAR LETTER

To

ALL COMMERCIAL BANKS CONDUCTING BUSINESS

BASED ON SHARIA PRINCIPLES

IN INDONESIA

Subject: Commercial Banks Conducting Business Based on Sharia Principles

Following the issuance of Bank Indonesia Regulation Number 6/24/PBI/2004 (State Gazette of the Republic of Indonesia Number 122 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4434) dated October 14, 2004, concerning Commercial Banks Conducting Business Based on Sharia Principles, it has become necessary to enact implementation provisions concerning Commercial Banks Conducting Business Based on Sharia Principles (hereinafter referred to as Banks) in a Circular Letter covering the following:

I. GENERAL REVIEW

1. Applications for licenses/approvals or plans and/or reports as referred to in the Bank Indonesia Regulation shall be submitted in the prescribed format set forth in the Appendices to this Circular Letter.
2. If the format for application for license/approval or submission of plan and/or report is not specifically prescribed in this Circular Letter, the format shall be left to the discretion of the individual Bank.

3. Reports...

3. Reports on the findings of the Sharia Supervisory Board to the Board of Directors, Board of Commissioners, National Sharia Council, and Bank Indonesia as referred to in Article 27 of Bank Indonesia Regulation Number 6/24/PBI/2004 for the June and December periods shall be submitted to Bank Indonesia no later than 2 (two) months after the end of the respective reporting period.

II. APPLICATIONS FOR LICENSES/APPROVALS, PLANS, AND SUBMISSION OF REPORTS

1. The following are applications for licenses/approvals to be submitted to the Governor of Bank Indonesia:
 - a. Application for Approval in Principle for Establishment of Bank, as referred to in Appendix 1.
 - b. Application for Bank Operating License, as referred to in Appendix 2.
 - c. Application for Approval for Encashment of *Mudharabah* Deposit, as referred to in Appendix 3.
 - d. Application of Approval of Candidates for Board of Directors, Board of Commissioners and/or Sharia Supervisory Board of Bank, as referred to in Appendix 7.
 - e. Application for License for Establishment of Bank Branch Office, as referred to in Appendix 11.
 - f. Application for License for Establishment of Offshore Branch Office/Other Operational Office, as referred to in Appendix 17.
 - g. Application for License for Establishment of Offshore Representative Office/Non-Operational Office, as referred to in Appendix 18.
 - h. Application for Approval for Change of Address of Bank Head Office or Branch Office, as referred to in Appendix 20.

i. Application...

- i. Application for Approval in Principle for Conversion of Legal Incorporation of Bank, as referred to in Appendix 28.
 - j. Application for Conversion of Bank Operating License from Former Legal Entity to New Legal Entity, as referred to in Appendix 29.
 - k. Application for Approval in Principle for Closure of Branch Office, as referred to in Appendix 31.
 - l. Application for Closure of Branch Office, as referred to in Appendix 32.
 - m. Application for Closure of Offshore Branch Office/Other Operational Office, as referred to in Appendix 38.
 - n. Application for Closure of Offshore Representative Office/Non-Operational Office, as referred to in Appendix 39.
2. The following are applications for licenses/approvals or plans and/or reports to be submitted to Bank Indonesia:
- a. Commencement of Banking Business, as referred to in Appendix 4.
 - b. Change in Composition of Bank Ownership, as referred to in Appendix 5.
 - c. Change in Authorized Capital, as referred to in Appendix 6.
 - d. Appointment of Bank Board of Directors, Board of Commissioners, and Sharia Supervisory Board, as referred to in Appendix 8.
 - e. Findings of Bank Sharia Supervisory Board, as referred to in Appendix 9.
 - f. Appointment of Executive Officers and/or Branch Office Manager, as referred to in Appendix 10.
 - g. Opening of Bank Branch Office, as referred to in Appendix 12.

h. Plan ...

- h. Plan for Opening of Sub-Branch Offices/Units, as referred to in Appendix 13.
- i. Opening of Sub-Branch Offices/Units, as referred to in Appendix 14.
- j. Plan for Opening of Outdoor Cash Units, as referred to in Appendix 15.
- k. Opening of Outdoor Cash Units, as referred to in Appendix 16.
- l. Opening of Branch Office/Other Operational Office/Representative Office/Non-Operational Office as referred to in Appendix 19.
- m. Moving of Address for Bank Head Office/Branch Office, as referred to in Appendix 21.
- n. Plan for Change of Address of Sub-Branch Office/Unit or Outdoor Cash Unit, as referred to in Appendix 22.
- o. Moving of Address for Sub-Branch Office/Unit or Outdoor Cash Unit, as referred to in Appendix 23.
- p. Plan for Change of Address of Offshore Branch Office/Representative Office/Other Operational Office, as referred to in Appendix 24.
- q. Moving of Address for Offshore Branch Office/Representative Office/Other Operational Office, as referred to in Appendix 25.
- r. Application for Change of Bank Name, as referred to in Appendix 26.
- s. Change of Bank Name, as referred to in Appendix 27.
- t. Conversion of Bank Operating License from Former Legal Entity to New Legal Entity, as referred to in Appendix 30.
- u. Closure of Bank Branch Office, as referred to in Appendix 33.
- v. Plan for Closure of Sub-Branch Offices/Units, as referred to in Appendix 34.
- w. Closure of Sub-Branch Offices/Units, as referred to in Appendix 35.

- x. Plan to Terminate Operation of Outdoor Cash Units, as referred to in Appendix 36.
 - y. Terminated Operation of Outdoor Cash Units, as referred to in Appendix 37.
 - z. Closure of Offshore Branch Office/Other Operational Office, as referred to in Appendix 40.
 - aa. Closure of Offshore Branch Office/Other Non-Operational Office, as referred to in Appendix 41.
- 3. The appendices referred to in number 1 and number 2 constitute an integral part of this Circular Letter.
 - 4. Number of days for submission of applications for licenses/approvals or of plans and/or reports as stipulated in the Bank Indonesia Regulation shall be based on calendar days.
 - 5. Time taken for submission of applications for licenses/approvals or of plans and/or reports by the Bank to the Governor of Bank Indonesia and/or Bank Indonesia shall be based on the time that the documents are received in full by Bank Indonesia.

III. ADDRESSES FOR SUBMISSION OF APPLICATIONS FOR LICENSES/APPROVALS OR OF PLANS AND/OR REPORTS

- 1. Applications for licenses/approvals submitted to the Governor of Bank Indonesia as referred to in number II shall be addressed to the Directorate of Sharia Banking, Jl. M.H. Thamrin No. 2, Jakarta 10110.
- 2. Applications for licenses/approvals or submission of plans and/or reports to Bank Indonesia as referred to in number II shall be addressed to:
 - Directorate of Islamic Banking, Jl. M.H. Thamrin No.2 Jakarta 10110, for Banks located in the working area of the Bank Indonesia head office.

- The local Bank Indonesia Regional Office, for any Bank located in the working area of a local Bank Indonesia Regional Office.

IV. CONCLUDING PROVISIONS

The provisions in this Circular Letter shall come into force on February 8, 2005.

For the public to be informed, it is ordered that this Circular Letter be promulgated in the State Gazette of the Republic of Indonesia.

Kindly be informed.

BANK INDONESIA,

HARISMAN
DIRECTOR OF ISLAMIC BANKING